

Message Text

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PAGE 01 GENEVA 01811 101528Z

44

ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 AF-06 ARA-06 EA-07 NEA-10

L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGR-05 AID-05

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CIEP-01 CEA-01 /106 W

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USUN NEW YORK 2763

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E.O. 11652: N/A

TAGS: UNCTAD

SUBJ: UNCTAD TRADE AND DEVELOPMENT BOARD: COMMODITIES
DISCUSSIONS

REF: GENEVA 1799

1. SUMMARY: OPENING DAY PLENARY SPEECHES BY UNCTAD
SECRETARY GENERAL AND G-77 REP (PHILIPPINES AMBASSADOR
BRILLANTES) PLACED HEAVY EMPHASIS ON COMMODITIES AS
MAJOR PART OF ISSUES ON WHICH DECISIONS TO BE TAKEN AT
UNCTAD IV. GIST OF BRILLANTES SPEECH WAS THAT G-77
PROPOSALS NOW ON TABLE AT TDB WITH FORMAL INTRODUCTION OF
MANILA DECLARATION; G-77 REP IN CONTACT GROUP MARCH 9
STRESSED G-77 INTEREST IN EARLY DISCUSSION IN TDB ON
COMMODITIES. WE WERE SUCCESSFUL IN POSTPONING
SUCH DISCUSSION UNTIL LATER THIS WEEK, SO THAT IN THE
INTERIM WE CAN WORK WITHIN GROUP B ON COMMON STATEMENT ON
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PAGE 02 GENEVA 01811 101528Z

COMMODITIES. IN THIS CONNECTION, EC IN GROUP B

MEETING MARCH 9 FORMALLY INTRODUCED TEXT AGREED BY COMMUNITY
WITHIN LAST FEW DAYS IN BRUSSELS AND OTHER GROUP B
REPS INCLUDING US GAVE FIRST REACTIONS TO THIS TEXT.
COMMUNITY REP HAS SINCE GIVEN CONDITIONAL AGREEMENT TO
FURTHER NEGOTIATIONS ON THE TEXT. TEXT SENT
SEPTEL. END SUMMARY.

2. G-77 INSISTED STRONGLY IN FIRST TWO DAYS
OF THE TDB THROUGH PLENARY SPEECHES AND REMARKS IN
CONTACT GROUPS IN TAKING UP COMMODITY ISSUES
EARLY, STRESSING THEIR INTEREST IN HEARING GROUP B
COMMENTS ON MANILA DECLARATION PROPOSALS FOR COMMODITIES.
G-77 REP NOTED THEY ALSO PREPARED TO RECEIVE AND
COMMENT ON ANY PROPOSALS PUT FORWARD BY OTHER GROUPS.
CONTACT GROUP RESPONSIBLE FOR TRADE AND COMMODITIES
MET BRIEFLY MARCH 9 AND AGREED TO MEET AGAIN AFTERNOON
OF MARCH 10, WHEN IT WILL FIRST CONSIDER SUBJECT OF
MANUFACTURES AND SEMI-MANUFACTURES; THUS, INTER-GROUP
DISCUSSION OF COMMODITIES LIKELY TO OCCUR ONLY LATE
IF AT ALL IN THIS FIRST WEEK.

3. STAGE THUS SET FOR FIRST GROUP B MEETING ON COM-
MODITIES, HELD AFTERNOON OF MARCH 9. MEETING OPENED
BY EC REP (RUSSELL), TABLING TEXT OF EC DRAFT TEXT ON
COMMODITIES FOR GROUP B CONSIDERATION, WITH A VIEW TOWARD
PRESENTING THIS LATER DURING TDB TO G-77 AS REPRESENTING
GROUP B PROPOSALS ON COMMODITIES FOR UNCTAD IV. RUSSELL
SAID TEXT WAS AGREED AMONG EC COUNTRY REPS DURING
THREE-DAY MEETING JUST CONCLUDED IN BRUSSELS AND
REPRESENTED VERY CAREFUL BALANCE OF ALL INTERESTS
INVOLVED. HE HOPED OTHER GROUP B MEMBERS COULD ACCEPT
IT WITHOUT MAJOR CHANGES. RUSSELL INSISTED THAT EC
IN ANY CASE NOT PREPARED TO AGREE TO ANY SIGNIFICANT
CHANGES IN EC TEXT WITHOUT FURTHER CONSULTATION AMONG
COMMUNITY MEMBERS. PROCEDURAL HASSLE FOLLOWED WITH
RESULT THAT DECEMBER GROUP B TEXT STILL ON TABLE, BUT
OTHER GROUP B MEMBERS AGREED TO GIVE INITIAL REACTIONS
TO EC TEXT, WITH EC THEN RETIRING TO CONSULT FURTHER
AMONG THEMSELVES.

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PAGE 03 GENEVA 01811 101528Z

4. RUSSELL IN INTRODUCING EC TEXT MADE FOLLOWING MAJOR
POINTS OF COMPARISON WITH DECEMBER GROUP B TEXT: (A)
PREAMBLE STRENGTHENED BY REFERENCE TO UNGA 7TH SS
RESOLUTION; (B) OBJECTIVES LARGELY THE SAME, BUT
REFERENCE TO STABILITY OF EXPORT EARNINGS MADE
TO REFER SPECIFICALLY TO RAW MATERIALS, AND LANGUAGE
ON MARKET ACCESS ADDED IN SUB PARA 4; (C) SECTION ON
"MEASURES AND TECHNIQUES" REORGANIZED AND

STRENGTHENED BY REFERENCE TO "INTEGRATED APPROACH" IN OPENING PARAGRAPH; (D) COMMODITY COVERAGE LEFT OPEN-ENDED BUT INCLUDES BASIC UNCTAD SECRETARIAT LIST PLUS COMMODITIES ADDED BY G-77 AT MANILA AND (E) PROCEDURES AND TIME-TABLE SECTION LARGELY NEW, AND REFLECTS CONCLUSION BY EC THAT ESTABLISHED MACHINERY OF UNCTAD COMMITTEE ON COMMODITIES THE MOST APPROPRIATE VEHICLE FOR HANDLING FOLLOW-UP OF UNCTAD IV DECISIONS ON COMMODITIES. ALSO NOTABLE, BUT NOT MENTIONED BY RUSSELL, WAS DROPPING OF ANY SPECIFIC REFERENCE TO COMMON FUND.

5. EC TEXT THEN CAME UNDER HEAVY ATTACK FROM THOSE WHO CONSIDERED IT TOO HARD-LINE VIS-A-VIS G-77 (NORWAY, SWEDEN) AND THOSE WHO CONSIDERED IT TOO FORTHCOMING (US, JAPAN TO A LESSER EXTENT, AND AUSTRALIANS AND CANADIANS SOMETIMES ON PARTICULAR ISSUES). SPAIN, EXCEPT FOR ONE MINOR CARP, WAS UNIQUE AMONG GROUP B MEMBERS WHO STATED THEY COULD ACCEPT EC TEXT AS IT STOOD.

6. IN BRIEF GROUP B MEETING MRNING OF MARCH 10, EC REP (RUSSELL) SAID THAT FURTHER INTRA-EC CONSULTATIONS HAD RESULTED IN AGREEMENT TO MAKE SOME REVISIONS IN EC TEXT TO BRING IT CLOSER TO COMMENTS MADE BY OTHER MEMBERS OF GROUP B. THIS WAS CONDITIONAL, HOWEVER, UPON UNDERSTANDING THAT A "SERIOUS" SECTION ON FOLLOW-UP PROCEDURES COULD BE AGREED WITH OTHER GROUP B MEMBERS. LATER THIS AFTERNOON WE WILL BEGIN REVIEW OF REVISED EC TEXT.

7. IN SIDE DEVELOPMENT, JAPANESE DEL AT LUNCH MARCH 10 INDICATED THAT JAPAN WOULD, FOR THE TIME BEING, FOLLOW US LEAD IN TAKING RELATIVELY FIRM POSITION ON COM- LIMITED OFFICIAL USE

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PAGE 04 GENEVA 01811 101528Z

MODITIES, AND IN FACT DID SO, ALTHOUGH AT TIMES WITH NOTABLE LACK OF ENTHUSIAS. JAPANESE SEEMED IMPRESSED WITH OUR ARGUMENT THAT WHATEVER MOVEMENT WE MIGHT BE PREPARED TO SHOW ON COMMODITIES ISSUES SHOULD NOT TAKE PLACE HERE AT TDB BUT BE RESERVED FOR UNCTAD IV ITSELF. NOVERTHELESS, THEY STRESSED THEIR DIFFICULT POSITION AS MAJOR IMPORTER OF RAW MATERIALS AND LEFT THE IMPLICATION THAT IF US STANDS ALONE LATER IN THE MEETING IN RESISTING "FORWARD LOOKING" GROUP B STATEMENT ON COMMODITIES, THEY MIGHT BE FORCED TO REASSESS THEIR POSITION.

8. COMMENT: WE HAVE TAKEN FAIRLY FIRM LINE ON EC DRAFT IN THIS INITIAL STAGE OF GROUP B CONSULTATIONS. IF EC MAKES REASONABLE RESPONSE TO OUR PRESENTATIONS,

IT SEEMS LIKELY MAJOR AREAS OF POTENTIAL DIFFICULTY
WHICH MIGHT REMAIN WILL BE ISSUES OF COMMODITY COVERAGE
AND FOLLOW-UP PROCEDURES AS WELL AS USE OF WORD "INTEGRATED."
ON LATTER WE WILL ATTEMPT
TO COOPERATE IN LAYING OUT LANGUAGE ON FRAMEWORK FOR
COMMODITY CONSULTATIONS ON A CASE-BY-CASE BASIS, BUT (1)
LEAVING OPEN OPTION THAT NO ACTION NEED BE TAKEN
AND (2) ENSURING THAT EXISTING COMMODITY BODIES' WORK IS NOT
PREJUDICED.DALE

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